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**Tactical Market Research Exercise**

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**LESSON ASSIGNMENT SHEET**

<b>Lesson Number</b>	DSW-08
<b>Lesson Title</b>	Tactical Market Research Exercise
<b>Lesson Time</b>	2.50 Hours
<b>Lesson Overview</b>	Students plan Tactical Market Research and develop an appropriate requirements document based upon a provided scenario.
<b>Terminal Learning Objective</b>	When provided with an acquisition project scenario, and with findings from a tactical market research process, students will adopt or develop an appropriate type of requirements document.
<b>Enabling Learning Objectives</b>	<ul style="list-style-type: none"><li>• Identify potential sources of information for conducting market research.</li><li>• Evaluate market research data for comparison to user needs.</li><li>• Conduct trade-off and modification analysis.</li><li>• Develop or adopt an appropriate technical description and method(s) for product acceptance.</li></ul>
<b>Assignments</b>	<ul style="list-style-type: none"><li>• READ: Student Note “Market Research” (pages 08-3 thru 08-5).</li><li>• SCAN: Tactical Market Research Exercise Vugraphs (pages 08-VG-1 thru 08-VG-8).</li></ul>
<b>Estimated Student Preparation Time</b>	0.25 Hour

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**Assessment**

Application Exercise/Student Participation

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**Self Study  
References**

- SD-5
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**STUDENT NOTE****Market Research****1. INTRODUCTION.**

a. Market research is a continuous process for gathering data on product characteristics, suppliers' capabilities and the business practices that surround them, plus the analysis of that data to make acquisition decisions. Information gathered from market research can be used to shape the acquisition strategy, to determine the type and content of the product description or statement of work, to develop the support strategy, to establish the terms and conditions included in the contract, and the evaluation factors used for source selection.

b. The purpose of market research is to more fully understand the technology, competitive forces, and capabilities of the marketplace to meet DoD's needs for supplies and services. The extent of market research varies, depending on such factors as urgency, estimated dollar value, commodity or industry sector, complexity, and past experience.

**2. WHY DO MARKET RESEARCH?**

a. Market research is essential to optimize the potential use of commercial items, commercial services, and nondevelopmental items to meet agency needs. It can also facilitate the removal of unique military requirements that result in unique processes within defense production facilities. Removal of these requirements will broaden the industrial base available to fill DoD requirements and allow historically defense oriented production facilities to expand and become competitive in the commercial market.

b. Access to the commercial marketplace will also provide access to the latest advances in technology. Military research and development no longer leads commercial in areas such as electronics and computer software. In the global marketplace, everyone has access to the same commercial technology base. In the future, part of the military advantage will belong to those who capture state-of-the-art technology, get it into weapons systems, and successfully field those systems first. The preference for utilizing the commercial market applies to more than items and systems. To meet its budget and readiness goals, the Department of Defense is turning increasingly to the commercial market for services it needs, as well. Not only does utilization of the commercial marketplace make sense from cost, schedule, and technology considerations, it is also required by law. The Federal Acquisition Streamlining Act of 1994 (FASA) gives heavy emphasis to this area. FASA also specifically requires federal agencies to conduct

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market research prior to developing new requirements documents for procurement and before soliciting bids or proposals for a contract which exceeds the simplified acquisition threshold.

**3. WHEN IS MARKET RESEARCH DONE?**

- a. Market research is done throughout the acquisition process, beginning with the Initial Capabilities Document. The level and scope varies at different points, but market research is a continuous process.
- b. Market research, done early in the acquisition process, also provides information about commercial practices that can shape the acquisition strategy, support and test plans, product descriptions, statement of work, evaluation factors, and contract terms and conditions.
- c. For systems acquisition, market research is iterative. If the initial market research leads to the conclusion that no existing system can meet the need, market research must continue throughout design to identify commercial and nondevelopmental items that can be integrated as subsystems, components, and support equipment even though the overall system is military-unique.
- d. Market research has two phases: Strategic Market Research (Market Surveillance) and Tactical Market Research (Market Investigation). Strategic Market Research is an ongoing process and includes all the activities that acquisition personnel perform continuously to keep themselves abreast of technology and product developments in their areas of expertise. Tactical Market Research, which involves more comprehensive and in-depth research, is conducted in response to a specific materiel need or need for services.

**4. WHO SHOULD BE INVOLVED IN MARKET RESEARCH?**

- a. The Military Departments and Defense Agencies do not have a specific group of people called market researchers; instead, a wide range of people are called upon to perform market research related to their areas of expertise. Participation at various agencies varies, depending on the organization and the types of items or services the organization acquires. The composition of the market research team is critical to its success, because the areas of expertise available to the team can significantly influence the scope and effectiveness of research activities and their results.
- b. Market research lends itself to a team effort because of the many aspects that may be involved. A typical cross-functional market research team may be composed of the following specialists, as appropriate: Technical Specialist, User, Systems Analyst, Logistics Specialist, Testing Specialist, Cost Analyst, Legal Counsel, and Contracting Officer. Additional specialists, such as an Environmental Specialist, may also be involved, depending on the type of acquisition being done.

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**5. HOW IS MARKET RESEARCH DONE?**

a. Market research is the sum of its two interrelated phases: Strategic Market Research and Tactical Market Research. Strategic Market Research is the process of staying abreast of general industry practices and trends. Acquisition personnel performing Strategic Market Research are not looking to fill any specific need. While Strategic Market Research is general and ongoing, Tactical Market Research has a narrow focus and a specific time frame. Tactical Market Research focuses on a defined requirement and results in a recommendation on whether or not commercial items or services can fill that need.

b. Detailed information on Strategic Market Research and Tactical Market Research can be found in SD-5, Market Research. This includes the seven steps of a Tactical Market Research. Additional information on Market Research is available in SD-2, Buying Commercial & Nondevelopmental Items: A Handbook.

**6. SUMMARY**

a. Market research is an integral part of the acquisition process. As the DoD turns increasingly to the commercial market for the supplies and services it needs, market research is vital to determine the availability of the supplies and services and identifying market practices. Effective market research allows managers to make informed decisions regarding DoD acquisitions.

b. Market research is not an option but is required by law and regulation. Heads of Agencies are required to ensure that market research is conducted appropriate to the circumstances before developing acquisition documents and soliciting offers from potential offerors.

**NOTES**

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### **OBJECTIVES**

- Identify potential sources of information for conducting market research.
- Evaluate market research data for comparison to user needs.
- Conduct trade-off and modification analysis.
- Develop or adopt an appropriate technical description and method(s) for product acceptance.

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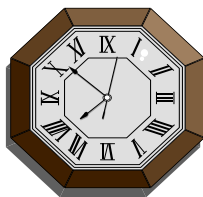
## WHAT IS MARKET RESEARCH

- Systematic process of collecting, analyzing and presenting objective and useful marketing information to assist management in problem solving and decision making.
  - Useful information on product characteristics, supplier capabilities, and business practices.
  - Used by management to identify, service, and satisfy user needs and desires.
  - Includes analysis and documentation of all data.

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## WHEN TO DO MARKET RESEARCH



- Before developing new requirements documents
- Before soliciting for:
  - Above simplified acquisition threshold
  - Below simplified acquisition threshold if adequate information is not available
  - Acquisitions that could lead to a bundled contract
- Continuing process that is begun early

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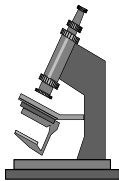
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## TYPES OF MARKET RESEARCH



- **Strategic Market Research (Surveillance)**
  - Involves a broad study of the market
  - Ongoing throughout the process
  - Conducted to stay informed about overall market developments, trends, and capabilities



- **Tactical Market Research (Investigation)**
  - Activities to gain in-depth understanding of the market
  - Conducted at specific points
  - Answers specific questions about capabilities, products, or services

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## TACTICAL MARKET RESEARCH

- Required for each action
  - exceeding the simplified acquisition threshold
  - below the simplified acquisition threshold but additional information is needed
  - before the development or modification of a requirements document
- Each market investigation is tailored to the specific acquisition requirements

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## **TACTICAL MARKET RESEARCH**

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- Steps of Tactical Market Research
  - Summarize Strategic Market Research (Surveillance)
  - Formulate Requirements
  - Identify Sources
  - Collect Information from sources
  - Collect Information from users
  - Evaluate the data
  - Document Results

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## **SUMMARIZE STRATEGIC MARKET RESEARCH**

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- Review and summarize existing data.
- Target tactical market investigation to answer specific questions and fill in information gaps.

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## FORMULATE REQUIREMENTS

- Define Requirements
  - Clear and thorough requirements are essential
  - Allows Market Research to target specific types of information
- Consider results of Market Research
  - Available products and services
  - Commercial practices
- Identify Acceptable Risk
  - Discuss Alternatives
- Negotiate Needs
  - Allows for tradeoffs
- Document Capability Requirements clearly and precisely
  - Save time and money in the future

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## IDENTIFY SOURCES

- Tactical Market Research Sources (Investigation)
  - Other Government Agencies and Users
    - Military and non DoD
  - Known Suppliers
    - Suppliers who have bid in the past
    - Federal Procurement Data System-Next Generation (FPDS\_NG)
    - GSA
    - FedBizOps
  - Commercial Databases
    - Dunn & Bradstreet
    - Thomas Registry (Thomasnet)
  - Basic Web Searches
  - Conferences and Trade Shows

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## **SURVEY OF MANUFACTURERS**

- Questions tailored to product and risk areas
- Obtain information to assess
  - Product data
  - Production capability
  - Support capability
  - Market acceptance
  - Test data
  - References
- Identify standard and unique commercial characteristics and business practices
- Minimize burden on activity being surveyed

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## **CHECK REFERENCES**

- Obtain previous and current users' input
  - ▢ Past performance (CPARS)
  - ▢ Product reliability
- Verify vendor's claims
- Can use, examine and test products
- Interview users
  - ▢ On-site
  - ▢ Remotely

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## EVALUATION OF INFORMATION

- Analyze information gathered to determine if product or service meets the need.
- Compare commercial products and applications with the user's needs
  - Commercial product or service is not available
  - Commercial product or service meets the need
  - Commercial product or service meets the need if change requirements
  - Commercial product or service could be modified to meet the need
- Identify and analyze potential trade-offs and need for modifications

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## DOCUMENT RESULTS

- Amount based on size and complexity of acquisition (No standard format).
- Documentation serves several purposes
  - Provides historical record.
  - May be used by other market research teams for similar products.
  - May be used by contracting to determine contract terms.

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## DOCUMENT RESULTS

- Documentation should consider:
  - Background
  - Time frame
  - Team members
  - Description of requirements including schedule
  - Summary of the effort
  - Actions taken

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## MARKET RESEARCH CONSIDERATIONS

- In planning market research consider:
  - ☞ How will you identify and attract new commercial product and technology sources?
  - ☞ How will you tailor the market research?
  - ☞ What specific questions you will ask?
  - ☞ How will you check references?
  - ☞ How will you evaluate responses?
  - ☞ How to ease information demands on vendors?
  - ☞ How will you involve users in the process?

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